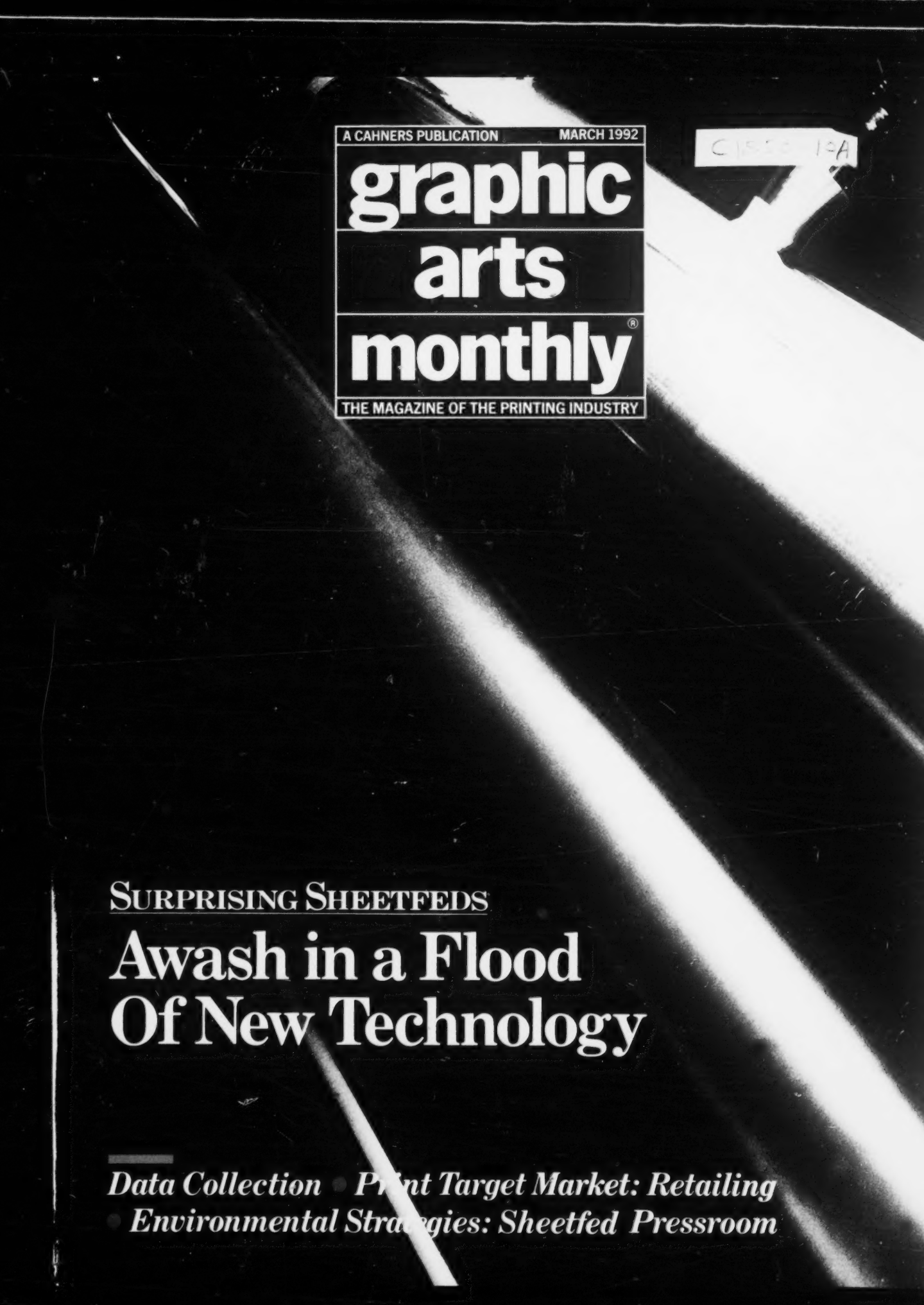


A CAHNERS PUBLICATION MARCH 1992

graphic arts monthly®

THE MAGAZINE OF THE PRINTING INDUSTRY

SURPRISING SHEETFEDS

Awash in a Flood Of New Technology

Data Collection • Print Target Market: Retailing • Environmental Strategies: Sheetfed Pressroom

VOLUME 64, NUMBER 3

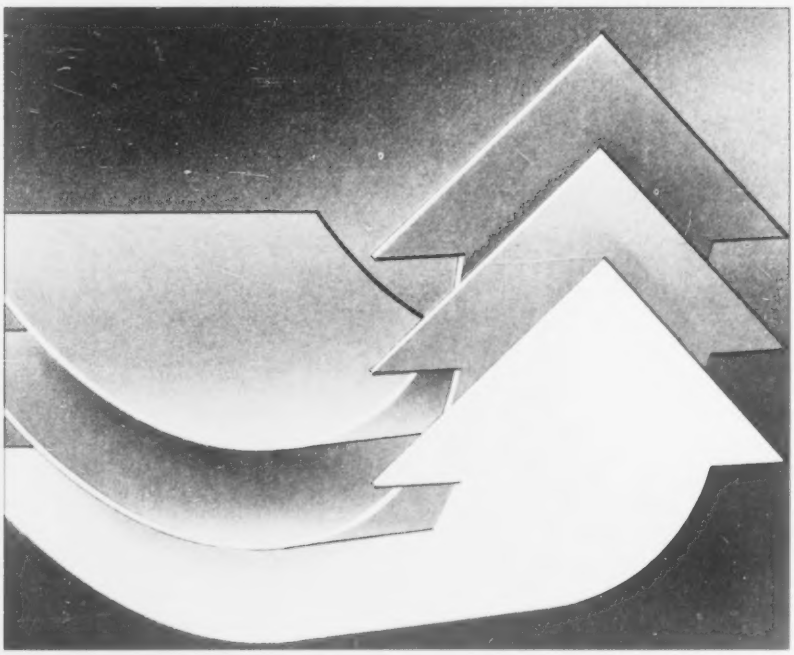
A CAHNERS PUBLICATION MARCH 1992

TOTAL CIRCULATION 99,586

graphic arts monthly

THE MAGAZINE OF THE PRINTING INDUSTRY

FEATURES



page 78

Sheetfeds See Technology Rush

By Debora Toth

Manufacturers have spent millions of dollars in research and development to design a variety of new products.

42

Module Mania

Pressmaker previews next generation of productivity features for its sheetfeds.

48

The Next Era in Sheetfed

Blend of time-honored philosophy and unique management style benefits printers' productivity.

51

Estimating by Computer

By Bridget Kinsella Araiz

Should you continue to use old estimating techniques or invest in a computer management system?

55

Sheetfeds Set for Eco-Cleanup

By Lisa Cross

The battle against sheetfed chemicals that are bad for the environment is heating up.

56

Saying 'No' to Alcohol

The New Jersey printer bit the bullet and, after some growing pains, found that it was all worth the effort.

64

Print Target Markets: Retailing In Transition

Retailing is reported to be third-largest employer in the U.S.

69

Print Managers Keen on Collecting Data

By Bill Esler

Data collection, via computer and new software, can tell the printer whether or not he's a success.

78

PREPRESS IMAGING

Workstation Cuts Proposal Time

89

Fast Tracking

92

Study Charts New Prepress World

96

FOCUS ON DESIGN

A Poster from a Paintbox

94

On The Cover: Photograph by Bill Kelly

Contents continues on page 5

graphic arts monthly

Vice-President and Publisher
Ronald C. Andriani

Editor Roger Ynostroza

Managing Editor Michael Karol

Associate Editors Earl Wilken, Lisa Cross

Assistant Editor Bridget Kinsella Arajs

Art Director Karen Lehrer

Production Editor Mick Andreano

Special Projects Manager
Peter Johnston (212) 932-3368

Project Editor Debora Clesh Toth

Midwest Editor
Bill Esler (312) 226-4641

Contributing Editors
Dick Gorelick, George Griffin, Gerald Silver, Nancy Plowman, Theodore Lustig, Michael J. Ducey

Classified Advertising Manager
Kevin D. Thomas (212) 463-6843
Maureen Lewis, Assistant

Direct Marketing Manager
Richard Negri (212) 463-6827

Business Manager Jerry Arotsky

Contracts Jeffrey Rothstein

Production Manager
Daniel Coakley (212) 463-6545

Promotion Manager
Dorian Torregrossa

Research Manager
Angela Venturino Darchi

Publisher's Assistant Holly Hoffman

Sales Administrator Elisa Balsamo

Bulk Reprints Carol Bien
1-800-323-4958

Supplement Reprints Cathy Dionne
1-800-523-9654

Circulation Director
Ed Christ (303) 398-7609

Subscriptions/Back Issues
1-800-637-6089

249 W. 17th St., New York, NY 10011
Sales offices: (212) 463-6828
Editorial offices: (212) 463-6834
Facsimile: (212) 463-6733

UPFRONT

Mailbox	8
Editorial	12
Business Outlook	19
Market Watch	20
Graphic Arts Index	20
Sales Activity/Feedback	22
Washington Briefs	24
Mergers & Acquisitions	28
News	30
Calendar	33
People	37
Companies	39

COLUMNISTS

Marketing Dick Gorelick	100
Selling Yourself George Griffin	106
Training Aids Bridget Kinsella Arajs	110
Estimating Gerald A. Silver	112
Print Clinic Nancy Plowman	115
Ink Theodore Lustig	116
Paper Michael J. Ducey	118

DEPARTMENTS

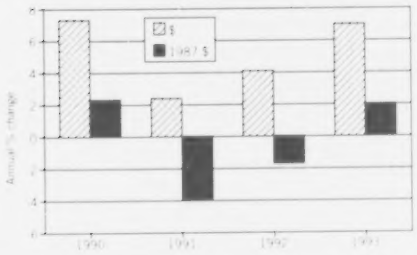
Reader's Choice	109
New Products	122
Literature	138
What's Ahead	141
How'd They Print That?	142
Classified	144
Advertisers Index	170

Paper, p. 118

Graphic Arts Monthly (ISSN 1047-9325) (GST 123397457), including The Printing Industry and Business Graphics®, is published monthly by The Cahners Publishing Company (Subscription includes all issues). Cahners Publishing Company is a Division of Reed Publishing USA, 275 Washington St., Newton, MA 02158-1630. Terrence M. McDermott, President/Chief Operating Officer; Frank J. Sibley, Executive Vice President; Robert T. Brawn, Senior Vice President/General Manager; Jerry D. Neth, Senior Vice President/Publishing Operations; J.J. Walsh, Senior Vice President/Finance; Thomas J. Dellamaria, Senior Vice President/Production and Manufacturing; Ralph Knupp, Vice President/Human Resources; Barrie Stern, Director of Art Department. Circulation records are maintained at Cahners Publishing Company, 44 Cook St., Denver, CO 80206-5800. Phone 303-388-4511. Second-class postage paid at Denver, CO 80206-5800 and additional mailing offices. **Postmaster: send address corrections to Graphic Arts Monthly, P.O. Box 173377, Denver, CO 80217-3377.**
Graphic Arts Monthly © Copyright 1992 by Reed Publishing USA; Robert L. Krakoff, Chairman and Chief Executive Officer. Annual subscription rates for non-qualified people: USA, $84.95 ($143.95 for two years). Mexico: $153.95 ($261.95 for two years). Canada: $164.95 ($279.95 for two years). Other nations: $169.95 ($288.95 for two years) surface mail; $275.95 ($468.95 for two years) via airmail. Single copies are available for $20.00 (USA) and $25.00 (all others). February issue is available for $50.00 (USA and all others). Print Market Outlook, monthly management newsletter, available for $129.00. Please address all subscription mail to Graphic Arts Monthly, 44 Cook St., Denver, CO 80206-5800. **Graphic Arts Monthly® is a registered trademark of Reed Properties, Inc., used under license.** All Rights Reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage retrieval system, without permission of the copyright owner. Copies of back issues are available on microfilm from University Microfilm, 300 N. Zeeb Rd., Ann Arbor, MI 48106. (ISSN 1047-9325)

Cahners Publishing Company, A Division of Reed Publishing USA ☐ Specialized Business Magazines for Building & Construction ☐ Research ☐ Technology ☐ Electronics ☐ Computing ☐ Printing ☐ Publishing ☐ Health Care ☐ Foodservice ☐ Packaging ☐ Environmental Engineering ☐ Manufacturing ☐ Entertainment ☐ Media ☐ Home Furnishings ☐ Interior Design ☐ Lodging. Specialized Consumer Magazines for Child Care ☐ Boating ☐ Wedding Planning.

Magazine Industry Growth Sluggish



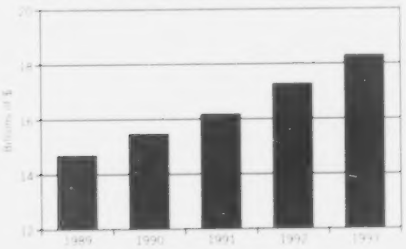
Consumer Spending – Magazines

Source: Cahners Economics

Consumer spending on magazines and newspapers totalled $24.2 billion last year, up 2.4% from the year before. After accounting for price inflation, spending actually dropped 3.9% and is expected to post another decline in 1992. Currently, the magazine industry is also suffering from a slowdown in advertising spending, due to the economic recession and low corporate profits. Despite the recent slowdown, however, magazine advertising should resume growth, as it is generally considered one of the most effective means of reaching the public.

Magazine circulation growth is expected to moderate as the population grows more slowly. Magazine publishers will be keeping their eye on the changing demographics of the nation and will continue to launch new titles aimed at growing niche markets. The *Printing 2000* survey by Printing Industries of America projects magazine industry revenues will rise between 2% and 3% annually throughout the 1990s.

Book Sales Top $16 Billion in '91



Book Publishers' Sales

Source: Assn. of American Publishers

Book publishers' sales grew slowly in 1991, posting a 4.6% annual gain to total over $16 billion. This represents the slowest annual growth in over a decade. Moreover, most of this slight gain is attributable to price inflation; adjusting for price increases puts 1991's growth rate below 1%. The one area which is experiencing the most sluggish sales pattern is textbooks. Tight budgetary situations have prevented public schools from significantly increasing their book collections.

In addition, textbooks sales are adversely affected by shrinking elementary and secondary school enrollments. The book categories which will see strong growth despite the overall slowdown are juvenile and mass market paperbacks. Projections call for publishers' book sales to grow a modest 6.8% in 1992, to over $17 billion. Slower inflation rates place real sales growth at 2.9%. In 1993, sales are expected to increase 5.9%.

In conjunction with the changes to Gross Domestic Product, the Commerce Department has revised and rebased to 1987 all consumer expenditure data. As a result, this month's database numbers will not correspond to previous numbers reported. Despite these changes, the trends in consumer spending on reading materials remains unchanged. Consumers continue to buy books and magazines, although at a slightly slower pace than the industry is used to. As low-ticket items, books and magazines are little affected by changes in income patterns.

PUBLISHING END MARKET INDICATORS

				Annual Percent Change			
Consumer Spending (1)	**1990**	**1991**	**1992**	**90**	**91**	**92**	**93**
Books	17.58	18.68	19.80	11.0	6.3	6.0	7.1
Mags. & News	23.66	24.23	25.23	7.3	2.4	3.1	7.0
Consumer Spending (2)							
Books	15.33	15.73	15.92	4.7	2.2	1.2	2.8
Mags. & News	20.77	19.95	19.63	2.3	-3.9	-1.7	2.0
Publishers' Sales (3)							
Total	15.41	16.15	17.25	5.3	4.6	6.8	5.9
Adult Trade	2.87	3.06	3.21	6.5	6.6	5.0	8.8
Juvenile Trade	1.02	1.13	1.24	13.3	10.7	9.8	7.8
Mass Market	1.15	1.20	1.31	4.9	4.9	8.6	6.7
Professional	2.77	2.86	2.99	6.7	1.8	6.0	6.6
Elhi Texts	2.03	2.10	2.21	2.1	3.8	4.9	5.5
College Texts	1.99	2.01	2.12	8.1	1.1	5.4	5.9

(1) Billions of Dollars. Data Source: U.S. Dept. of Commerce. (2) Billions of 1987 Dollars. Data Source: U.S. Dept. of Commerce. (3) Billions of Dollars. Data Source: Association of American Publishers.
All forecasts: Cahners Economics.

graphic arts monthly

Retailing In Transition

If you are an ordinary citizen—someone, that is, who holds neither public office nor the right to exercise 10-year stock options—you probably feel a little like Alice being hectored by the Queen of Hearts when you read the business news these days.

The charges boil down to two key accusations:

1. Consumers are a bunch of spendthrifts who don't save enough. If they'd only quit running up their charge cards to buy useless geegaws and put the money in the bank instead, things wouldn't be so awful.

2. Consumers are a bunch of nervous nellies with no confidence who are sitting on their wallets and won't spend any money. If they'd only recover their confidence, run out and buy lots of expensive objects, things wouldn't be so bad.

Obviously, both these things can't be true at the same time. The real question is, why does the consumer get so much blame? Because the consumer economy represents around two-thirds of the economic activity in the United States, that's why. And the consumer economy is comparatively volatile; it can change quicker than the heavy manufacturing sectors. That's why consumer activity is so obsessively studied by economists and politicians.

> Retailing is reported to be the third-largest employer in the U.S.

The primary point of connection between consumers and the consumed is retail trade. It's a vast industry; estimated total retail sales for 1991 were $1.9 trillion. It is the third-largest employer (after hotels and food manufacturing) in the U.S., with a work force of nearly 13 million (not counting eating and drinking establishments, which will be covered later in this series).

Retail trade is a major consumer of printing. The figure given here, $725 million, represents only services purchased directly from commercial printers, the key focus of these articles. It does not include packaging, periodical advertising, catalog printing, or other major but indirect contributions the retail trade makes to our industry.

Annie Gusman

This article is the third in a year-long series. In addition to the Print Target Market profile, each article contains news on the fortunes of the commercial printing industry in one geographic region. Subject of this month's Regional Update: the East North Central (Illinois, Wisconsin, Michigan, Ohio, and Indiana).

Reprints of this article may be ordered from Cathy Dionne, Cahners Publishing, 1350 E. Touhy Ave., Des Plaines, IL 60018, or by calling (800) 523-9654 in the U.S.; in Canada, call (708) 390-2777. ▤

By Peter Johnston
Special Projects Manager

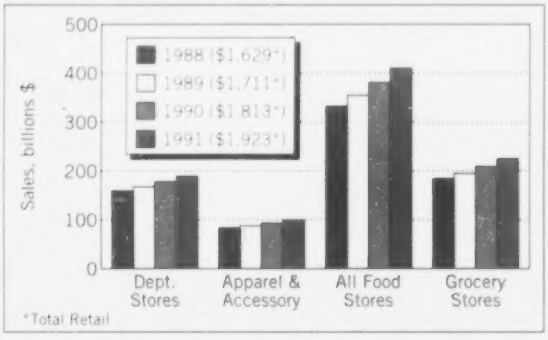
Retail at a Glance

Both in terms of employment (more than 12 million, not including eating and drinking establishments) and sales volume (nearly $2 trillion, or 20 times the size of printing), retail sales is one of the largest sectors of the American economy. Of all the industries studied in this series, it is the one with which the most people have the most frequent contact, which accounts for the astronomical number of employees and establishments. However, retail trade is only, at $725 million, the ninth-largest commercial printing customer.

Total Establishments: 1,094,428
Employees: 12,704,071
Total Annual Payroll: $168,029,622,000

Industry Financial Outlook

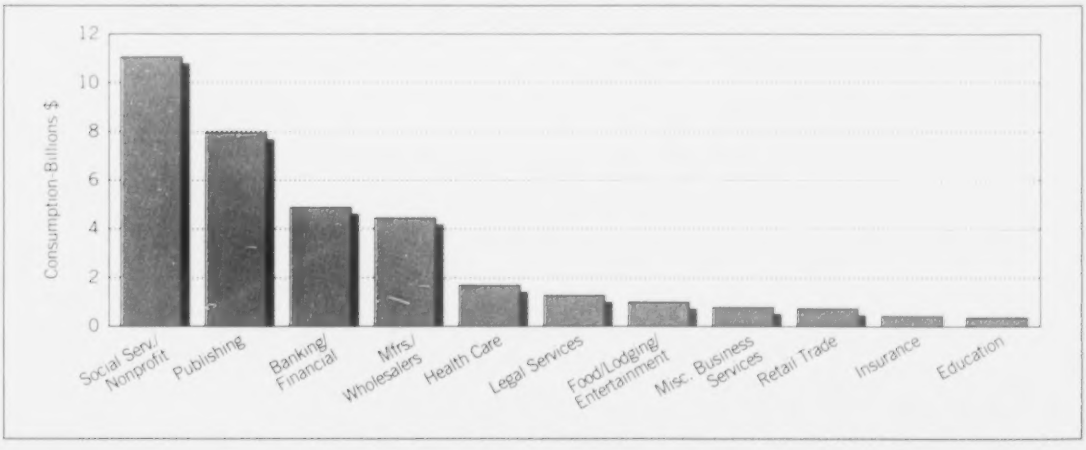
The retail industry seems to be healthy. Over the past three years it has grown about 6% per year, putting it well ahead of the GNP. There have been some widely publicized catastrophes among major retailers in recent years, among them Federated Department Stores, Revco, and R.H. Macy & Company. But these appear to be the result of misconceived leveraged buyouts rather than any fundamental problem with retailing.

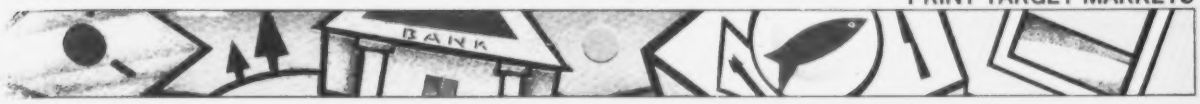


Charts and graphs by Annabelle Carter

Ranking of the Print Target Markets

Industries to be covered in the Print Target Markets series in 1992 were selected from a DRI/McGraw-Hill listing of the largest purchasers of goods and services from commercial printers. This list was further refined by the editors, primarily by the elimination of industries that are not logical targets for small- to medium-size commercial printers. The resulting list represents more than a third of all business-to-business printing sales.

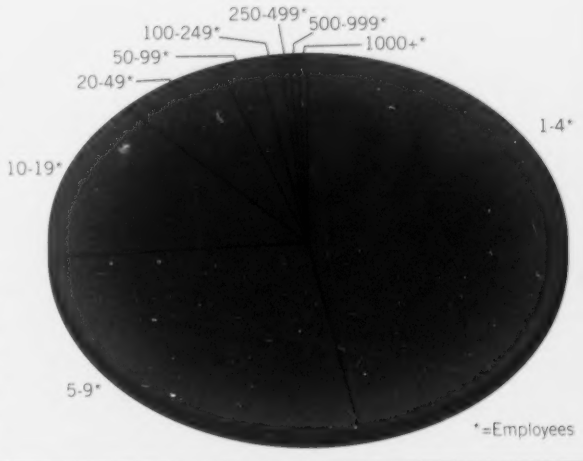




Retail Trade Establishments by Employee Size

Retail sales is the quintessential small-business industry. Almost 90% of retail establishments have fewer than 20 employees, and nearly half have fewer than five. At the big end, there are 128 establishments with 1,000 or more employees. (SIC 2700, Printing & Publishing, which is microscopic compared to total retail sales, has 127 establishments with 1,000 or more employees.) Even today, the Mom-and-Pop store is the rule, not the exception.

1-4 Employees	522,534	47.7%
5-9 Employees	299,238	27.3%
10-19 Employees	154,422	14.1%
20-49 Employees	72,766	6.6%
50-99 Employees	27,152	2.5%
100-249 Employees	15,417	1.4%
250-499 Employees	2,209	0.2%
500-999 Employees	562	0.05%
1000+ Employees	128	0.012%



Industry Structure

The first two industries in this series, health care and insurance, are structured like hierarchies: big institutions at the top (hospitals or major insurance carriers) and a host of specialists (dentists, marine casualty brokers) at the bottom. Retail trade, by contrast, is really a confederation of loosely related industries held together by the fact that they involve the intersection of a citizen and a cash register. The categories given in the chart are further broken down into lumberyards, paint stores, hardware stores, nurseries, mobile homes dealers, department stores, variety stores, grocery stores, butcher shops and fish markets, fruit stands, candy stores, dairy products stores, bakeries, car dealers, auto supply stores, boat dealers, RV dealers, motorcycle dealers, clothing stores (six different kinds), shoe stores, furniture stores, rug & carpet stores, appliance dealers, radio and TV stores, computer stores, record stores, music stores, drugstores, liquor stores, bookstores, sporting goods stores, jewelry stores, camera stores, hobby shops, gift shops, catalog houses, fuel dealers, florists, news stands, tobacco stands, optical shops, and miscellaneous. Some are big and some are not.

Category	Number of Establishments	Category	Number of Establishments
Building Materials and Garden Supplies	71,422	Apparel and Accessory Stores	148,310
General Merchandise Stores	35,054	Furniture and Home Furnishings Stores	104,990
Food Stores	183,226	Miscellaneous Retail Establishments	326,645
Automobile Dealers and Service Stations	208,343	Nonstore Retailers	21,276

Regional Distribution–Retail Sales and Sales Growth

Region	Sales, 1987 ($ million)	Sales, 1982 ($ million)	% Change
United States	$1,494,112	$1,039,029	43.7%
New England	98,947	60,693	63.0%
Middle Atlantic	229,250	155,186	47.7%
East North Central	249,202	176,787	40.9%
West North Central	101,945	75,969	34.2%
South Atlantic	274,480	172,293	59.3%
East South Central	80,143	55,331	44.8%
West South Central	146,614	123,987	18.2%
Mountain	77,898	57,890	34.6%
Pacific	235,633	160,892	46.4%

Source: Estimate based on U.S. Department of Commerce figures

Key to Regions

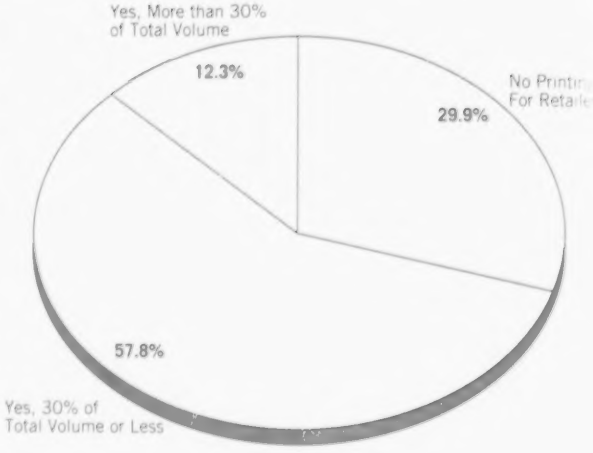
The nine geographic regions, as referred to throughout this survey:

New England (NE): Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Mid-Atlantic (MA):** New Jersey, New York, Pennsylvania. **South Atlantic (SA):** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, Washington, D.C., West Virginia. **East South Central (ESC):** Alabama, Mississippi, Kentucky, Tennessee. **East North Central (ENC):** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central (WNC):** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **West South Central (WSC):** Arkansas, Louisiana, Oklahoma, Texas. **Mountain (M):** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific (P):** Alaska, California, Hawaii, Oregon, Washington.

Does Your Firm Work for this Industry?

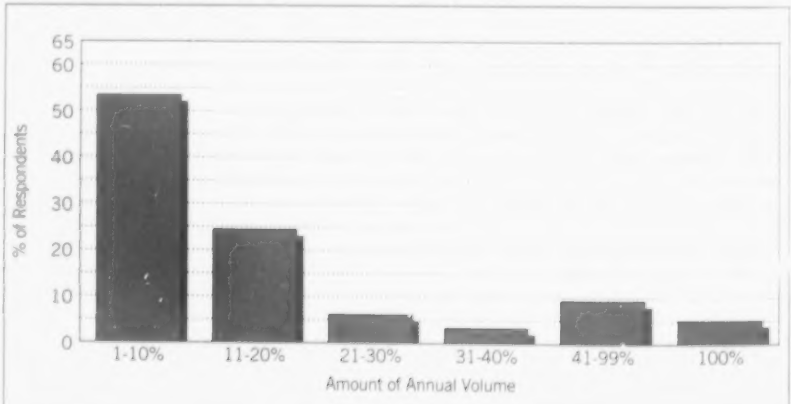
To measure the breadth of retail trade's impact on commercial printing, small and medium-sized commercial printers across the country were surveyed for this article. Printers to be surveyed were selected on a random (every nth name) basis from the current circulation list of Graphic Arts Monthly. A total of 70% of printers responding to the survey reported doing at least some work for the retail industry.

This is the largest representation of any industry so far studied, and it points to the ubiquity of retailers in the American (or any other) economy. Indeed, the only thing surprising about the results of the survey was how many small commercial printers do not do at least some work for retailers.

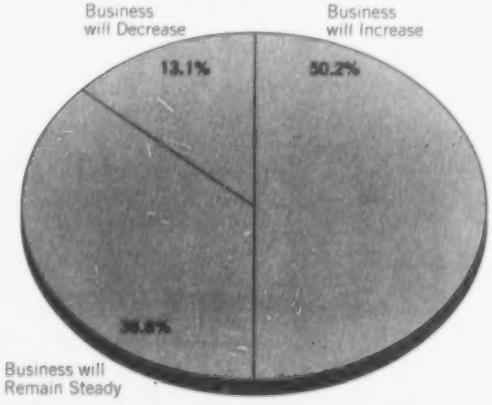


If So, How Much of Your Annual Volume is for Retailers?

These results are consistent with the general pattern of smaller commercial printers as broad- spectrum job shops doing a large number of small jobs for a variety of customers. Only a small minority of such firms have a substantial concentration of their customer base in any one industry; they are generalists, not specialists. Nonetheless, over 17% of those printers surveyed reported that it accounts for more than 30% of their total annual volume, and some of them (5%) do all their business with retailers.



Will your retail business rise or fall?



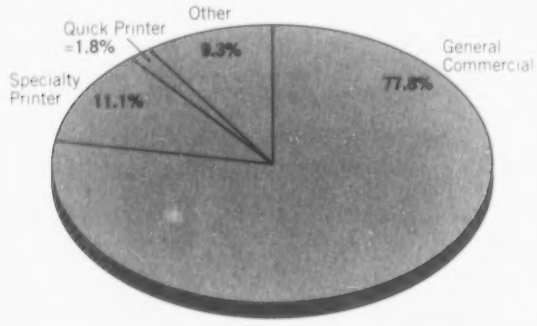
Printer-Supplied Products for Retailing

Like most industries, the most common printed products retailers consume are business cards and stationery, closely followed by business forms, though computerized cash registers are reducing the once massive volume of printed receipts. Advertising, frequently in the form of one-page flyers, is another major part of the mix.

Stationery and Business Cards	83.9%
Business Forms	79.4%
Advertising Sheets, Pamphlets, or Brochures	77.1%
Unbound Non-Advertising Material	45.4%
Miscellaneous Non-Printing Services	38.1%
Bound Publications	25.2%

Regional Update/ East North Central

Type of Company

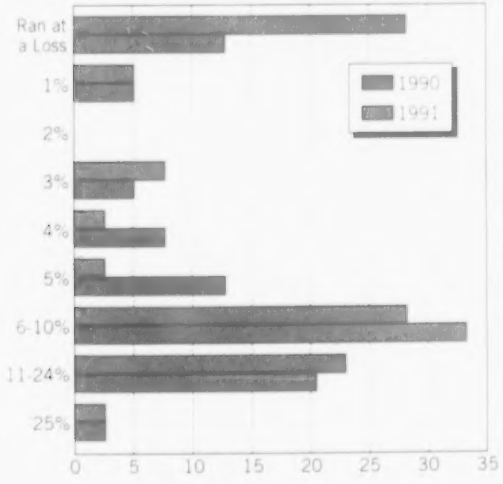


Profile of Respondents

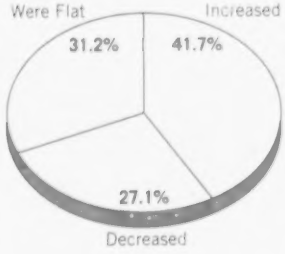
Commercial printers in East North Central region responding to a recent survey reported year-over-year changes in their annual sales, profitability, and operating capacity. They also revealed how they perceived the outlook for business in their area. Note that 1991 gross sales were estimated.

Gross Sales in 1991		# of Employees	
Less than $500,000	75.0%	1-4	52%
$500,000-749,999	12.5%	5-9	24%
$750,000-999,999	6.3%	10-19	22%
$1 million-2,499,999	6.3%	20 or more	2%

Profit as a Percent of Gross Sales, 1990



How Sales Changed, 1990 to 1991

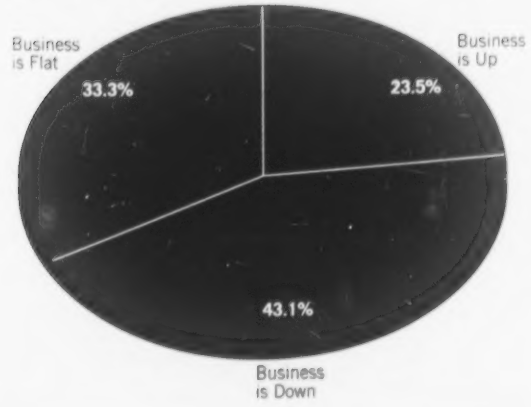


1989 to 1990	
Sales Increased	41.7%
Sales Decreased	27.1%
Sales Were Flat	31.2%

If Sales Increased 1990-1991, How Large Was Increase?	
Less than 5%	15.8%
5-10%	47.4%
11-20%	15.8%
21-50%	10.5%
More than 50%	5.3%

If Sales Decreased 1990-1991, How Large Was Decrease?	
Less than 5%	7.7%
5-10%	46.3%
11-20%	23.0%
21-50%	23.0%
More than 50%	0%

Perception Index



Comments by Printers

- I opened my shop in February 1990 and am finding all the work I can handle. I am planning an expansion of both employees and facilities.
- There seems to be an over-saturated market this year, which has had an influence on prices and a dilution of market share. We had to cut our work force.
- Busy one month, not the next; hard to track anything any more.
- Growth was stopped by current recession. If things get worse, decline is inevitable.
- Desktop publishing has taken some of the short-run copies from quick printers. Business has declined because of this, but we are now starting to stabilize again.